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HERSHEY CHOCOLATE COMPANY

AND

SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

December 31st, 1925

AND

INCOME STATEMENT

For the 12 Months Ending December 31st, 1925

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COMPARATIVE BALANCE SHEET

OF

HERSHEY CHOCOLATE COMPANY

December 31st, 1925

HERSHEY CHOCOLATE COMPANY
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET—DECEMBER 31, 1925

ASSETS	
Current Assets:	
Cash.....	\$ 1,906,403.42
Customers' Accounts Receivable (Net).....	1,990,692.23
Merchandise Inventories.....	7,336,595.11
Prepaid Insurance, Interest and Taxes.....	121,596.60
Sugar Crop 1926 Advances and Other Prepayments.....	3,929,439.15
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	\$15,284,726.51
Fixed Assets:	
Land and Buildings.....	\$19,881,226.35
Machinery and Equipment.....	15,181,891.79
Public Service Construction.....	12,060,530.76
Public Service Equipment.....	2,726,738.88
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	\$49,850,387.78
Less Depreciation Reserve.....	12,122,899.73
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Net Investment in Plant.....	\$37,727,488.05
Miscellaneous Investments:	1,535,821.62
Treasury Bonds Held for Sinking Fund Requirements:	788,500.00
Good Will, Trade Marks, etc.:	
(Of which \$5,911,614.10 represents amount paid for stock of subsidiaries in excess of their book value at date of acquisition.....)	6,314,128.46
Deferred Charges, Unamortized Bond Discount, etc.	1,248,376.49
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TOTAL ASSETS	\$62,899,041.13
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LIABILITIES	
Current Liabilities:	
Notes Payable.....	54,872.73
Accounts Payable.....	1,082,014.50
Federal Taxes.....	321,095.68
Accrued Wages, Interest, Other Taxes, etc.....	804,277.09
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	\$ 2,262,260.00
First Mortgage and Collateral Trust Sinking Fund 5½% Gold Bonds	19,334,000.00
Serial 5% Gold Notes	4,000,000.00
Cuban Censos	143,051.91
Real Estate Mortgages of former owners of Cuban property with future fixed maturities	375,000.00
Minority Capital Stock.....	5,000.00
Preferred Capital Stock.....	1,974,200.00
Common Capital Stock.....	15,000,000.00
Surplus.....	19,805,529.22
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TOTAL LIABILITIES	\$62,899,041.13
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HERSHEY CHOCOLATE COMPANY
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME AND PROFIT AND LOSS
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 1925

Sales.....	\$36,577,111.71
Cost of Goods Sold	26,248,033.69
Gross Profit	<u>\$10,329,078.02</u>
Shipping and Selling Expenses.....	\$ 2,151,230.18
General and Administrative Expenses.....	2,018,927.97
Total Expenses.....	<u>\$ 4,170,158.15</u>
Net Profit	<u>\$ 6,158,919.87</u>
 Other Income: Cash Discounts Taken	\$ 196,421.25
Interest on Notes Receivable, etc.....	30,293.12
Other Income	156,413.85
Total Other Income	<u>\$ 383,128.22</u>
Gross Income	<u>\$ 6,542,048.09</u>
 Deductions from Income: Interest on Funded Debt	\$ 707,053.33
Interest on Notes and Bank Loans	173,716.24
Cash Discounts Allowed	636,978.23
Federal Taxes	321,095.68
Additional Compensation to Employees.....	454,880.63
Amortization of Bond Discount, etc.....	268,820.35
Total Deductions from Income	<u>\$ 2,562,544.46</u>
Net Income.....	<u>3,979,503.63</u>
Dividends Paid	153,274.45
Balance	<u>\$ 3,826,229.18</u>
Add: Profit and Loss Credits	<u>311,157.05</u>
Total	<u>\$ 4,137,386.23</u>
 Deduct: Profit and Loss Debits: Expenses Refinancing a/c Issue First Mtg. and Coll. Trust S. F. 5½% Gold Bonds.....	\$ 1,104,517.96
Construction of Public School for Derry Township, Penna.....	484,322.78
Loss on Property Dismantled and Sold.....	123,718.13
Adjustments of Taxes, etc., Prior Fiscal Periods	31,924.84
Total Profit and Loss Debits	<u>\$ 1,744,483.71</u>
 Surplus for the Period.....	\$ 2,392,902.52
Surplus Beginning of Period.....	17,412,626.70
Surplus End of Period	<u>\$19,805,529.22</u>

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HERSHEY CHOCOLATE COMPANY
COMPARATIVE BALANCE SHEET—DECEMBER 31, 1925

ASSETS	December 31, 1925	December 31, 1924	Increase Decrease
Fixed Assets:			
Real Estate—Land and Buildings.....	\$ 9,074,123.03	\$ 8,316,869.21	\$ 757,253.82
Machinery, Equipment and Fixtures.....	6,875,730.24	6,304,019.25	571,710.99
Total Fixed Assets	\$15,949,853.27	\$14,620,888.46	\$ 1,328,964.81
Investments, Securities and Intercompany Accounts	\$44,825,554.87	\$32,635,406.12	\$12,190,148.75
Miscellaneous Investments	\$ 1,388,776.18	—	\$ 1,388,776.18
Treasury Bonds held for Sinking Fund Requirements	\$ 788,500.00	\$ 98,496.79	\$ 690,003.21
Current Assets:			
Cash.....	\$ 1,755,637.03	\$ 1,658,175.72	\$ 97,461.31
Accounts Receivable (Net).....	1,154,960.50	1,226,647.11	71,686.61
Merchandise Inventories.....	5,148,731.51	6,046,326.36	897,594.85
Prepayments a/c Purchases.....	36,031.91	36,089.76	57.85
Total Current Assets	\$ 8,095,360.95	\$ 8,967,238.95	\$ 871,878.00
Deferred Charges	\$ 1,310,246.10	\$ 841,367.54	\$ 468,878.56
Good Will, Trade Marks, etc.	\$ 336,454.30	\$ 336,454.30	—
TOTAL ASSETS	\$72,694,745.67	\$57,499,852.16	\$15,194,893.51
LIABILITIES			
Capital Stock:			
Preferred.....	\$ 1,974,200.00	\$ 1,888,100.00	\$ 86,100.00
Common	15,000,000.00	15,000,000.00	—
Total Capital Stock	\$16,974,200.00	\$16,888,100.00	\$ 86,100.00
First Mortgage and Coll. Trust Sinking Fund 5½% Gold Bonds	\$19,334,000.00	\$ 9,625,000.00	\$ 9,709,000.00
Serial 5% Gold Notes	\$ 4,000,000.00	—	\$ 4,000,000.00
Current Liabilities:			
Notes Payable.....	\$ 54,872.73	\$ 54,872.73	\$ 54,872.73
Accounts Payable.....	\$ 773,870.43	\$ 1,405,428.14	631,557.71
Accrued Taxes	612,235.13	453,574.22	158,660.91
Accrued Income and Excess Profits Taxes.....	292,766.94	747,053.89	454,286.95
Accrued Wages, Interest, etc.....	8,333.33	303,424.68	295,091.35
Total Current Liabilities	\$ 1,742,078.56	\$ 2,909,480.93	\$ 1,167,402.37
Intercompany Accounts—C.nts.	\$ 1,495,007.26	\$ 1,388,299.06	\$ 106,703.20
Reserve for Depreciation	\$ 5,694,226.92	\$ 5,082,873.20	\$ 611,353.72
Surplus:			
Balance Beginning of Period	\$21,606,098.97	\$16,720,594.76	—
Profit for Year.....	\$ 3,659,884.07	5,563,616.54	—
Gross Total	\$25,265,983.04	\$22,284,211.30	—
Dividends Paid	153,274.45	641,874.24	—
Balance	\$25,112,708.59	\$21,642,337.06	—
Deduct:			
Expenses a/c Refinancing	\$ 1,104,517.96	\$ 1,104,517.96	\$ 1,104,517.96
Additional Assessments and Accruals of U. S. Income and Penna. State Taxes, etc.	21,210.49	\$ 36,238.09	\$ 36,238.09
Construction Public School for Derry Township, Hershey, Pa.	484,322.78	484,322.78	484,322.78
Loss on Property Dismantled and Sold.....	47,424.43	47,424.43	47,424.43
Total Deductions	\$ 1,657,475.66	\$ 36,238.09	—
Surplus End of Period	\$23,455,232.93	\$21,606,098.97	\$ 1,849,133.96
TOTAL LIABILITIES	\$72,694,745.67	\$57,499,852.16	\$15,194,893.51